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**URGENT LEGAL MATTER: PROMPT REPLY REQUESTED**  
**VIA CERTIFIED MAIL #7010 2780 0002 4354 7675**

Mr. Jonathan Carroll  
for Lazarus Texas Refinery I, LLC  
16055 Space Center Blvd, Suite 235  
Houston, Texas 77062-6212

Re: CERCLA 104(e) INFORMATION REQUEST  
Falcon Refinery Superfund Site, Southeast of Ingleside in San Patricio County, Texas  
SSID No. 06TN and SSID No. 06MC

Dear Mr. Carroll:

The U.S. Environmental Protection Agency (EPA) seeks cooperation from the Lazarus Texas Refinery I, LLC (LTRI), a Delaware limited liability company recognized by the Texas Secretary of State to conduct business in Texas, in providing information and documents relating to the Falcon Refinery Superfund Site located Southeast of Ingleside in San Patricio County, Texas (Site). The EPA has obtained information that LTRI has purchased the Site from the National Oil Recovery Corporation (NORCO) and Norcorom Industries, SRL (NORCO-SRL). NORCO is a potentially responsible party (PRP) for this Site.

The EPA is seeking information from LTRI and related entities in order to understand the corporate organizational structures (parents, subsidiaries, and related entities) in connection with the purchase of the Site by LTRI. The EPA is also seeking information to determine if, prior to LTRI's purchase of the Site, LTRI took the necessary steps to qualify as a "bona fide prospective purchaser" (BFPP) for protection from liability under the Comprehensive Environmental Response, Compensation, and Liability Act (see Enclosure 4, Attachments 4 and 5, EPA Memoranda).

This information request is not a determination that you or any of the related entities are responsible or potentially responsible for contamination that occurred at the Site. The EPA is sending this letter to aid the Agency in determining the relationship of LTRI and its related entities to the Site. The EPA does not expect you or any related entities to pay for or perform any site-related activities at this time. If the EPA determines that LTRI and/or any of the related entities are responsible or potentially responsible for response activities at the Site, you will receive a separate letter clearly stating such a determination as well as the basis the EPA has for the determination.

Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), Section 104(e), 42 U.S.C. § 9604(e), gives the EPA the authority to require you to respond to this information request (see Enclosure 1). We encourage you give this matter your full attention, and ***we respectfully request***

*that you respond to this request for information within thirty (30) days of its receipt of this letter.* You may designate another official with the requisite authority to respond on your behalf. However, failure to respond to this information request may result in the EPA seeking penalties of up to \$37,500 per day of violation. In addition, furnishing false, fictitious or fraudulent statements or representations is subject to criminal penalty under 18 U.S.C. § 1001. **Further, failure to comply with this information request may materially jeopardize an otherwise BFPP qualification.**

Please provide your written response to Mr. Robert Werner, Enforcement Officer, at the address included in the Information Request. Please refer to the enclosures below, which include important instructions and definitions, as well as the questions for response, in the preparation of your reply to this Information Request.

If you have any questions regarding this letter, contact Mr. Robert Werner at (214) 665-6724. For legal questions concerning this letter, please have your legal counsel contact Ms. Gloria Moran, Attorney, at (214) 665-3193. Thank you for your attention to this matter.

Sincerely yours,

Wren Stenger  
Associate Director  
Technical and Enforcement Branch (SF-T)  
Superfund Division

Enclosures (4)

cc: Lazarus Texas Refinery I, LLC, C/O Registered Agent, National Registered Agents, Inc., 1021 Main Street, Suite 1150, Houston, Texas 77002.

Lazarus Texas Refinery I, LLC, C/O Lazarus Energy Holdings, LLC, 4400 Post Oak Parkway, Suite 2400, Houston, Texas 77027.

Lazarus Texas Refinery I, LLC, C/O Lazarus Energy Holdings, LLC, 1614 Sidney Baker Street, Kerrville, Texas 78028-2640.

Lazarus Texas Refinery I, LLC, C/O Blue Dolphin Energy Company, 801 Travis St., Ste 2100, Houston, Texas 77002-5705.

Lazarus Texas Refinery I, LLC, C/O Jonathan Carroll, 801 Travis St., Ste 2100, Houston, Texas 77002-5705.

**ENCLOSURE 1**  
**FALCON REFINERY SUPERFUND SITE**  
**INFORMATION REQUEST**  
**RESPONSE TO INFORMATION REQUEST**

Under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), commonly known as the federal "Superfund" law, the U.S. Environmental Protection Agency (EPA) responds to the release or threat of release of hazardous substances, pollutants or contaminants into the environment to stop additional contamination and to clean-up or otherwise address any prior contamination.

The EPA is requesting information under CERCLA Section 104(e). Section 104(e) may be found in the United States Code (U.S.C.) at Title 42 Section (section is denoted by the symbol "§") 9604(e) 42 U.S.C. § 9604(e).

Pursuant to the authority of CERCLA §104(e), you are hereby requested to respond to the enclosed information request. If you have any questions concerning the Site's history or this information request letter, please contact Mr. Robert Werner, the designated Enforcement Officer for the Site, at phone number (214) 665-6724, fax number (214) 665-6660 or via email at [werner.robert@epa.gov](mailto:werner.robert@epa.gov). Please mail your response within 30 calendar days of your receipt of this request to the following address:

Mr. Robert Werner, Enforcement Officer  
Superfund Enforcement Assessment Section (6SF-TE)  
U.S. EPA, Region 6  
1445 Ross Avenue  
Dallas, Texas 75202-2733

If you or your attorney has legal questions that pertain to this information letter request, please contact Ms. Gloria Moran at phone number (214) 665-3193 fax number (214) 665-6460 or via email at [moran.gloria-small@epa.gov](mailto:moran.gloria-small@epa.gov). For contact via mail, use the following address:

Ms. Gloria Moran, Attorney  
Office of Regional Counsel (6RC-S)  
U. S. EPA Region 6  
1445 Ross Avenue  
Dallas, Texas 75202-2733

**BACKGROUND INFORMATION**

The Falcon Refinery Superfund Site (Site) is the location from which the now-closed Falcon Refinery had operated. The Site is located southeast of the city limits of the City of Ingleside, in San Patricio County, Texas. The Site's land area approximates 101.5 acres and is comprised of four separate parcels of land; a 9.145 acre parcel, a 50.113 acre parcel, a 28 acre parcel, and a 14.24 acre parcel. The 9.145 acre parcel is situated on the northwest side where Farm-to-Market Road 2725 and Bishop Road/County Road 4717 intersect. The 50.113 acre parcel is situated on the southeast corner where Farm-to-Market Road 2725 and Bishop Road/County Road 4717 intersect. The 28 acre parcel is adjacent to the southeast side of the 50.113 acre parcel and both parcels are adjacent to the southwest side of County Road 4717. The 14.24 acre parcel is bounded on its southeast side by Redfish Bay and contains land areas on both sides of County Road 4692.

Primary processing activities at the now-closed Falcon Refinery had been conducted on the 50.113 acre parcel. Transfer of materials between barges and storage tanks occurred at the dock facility on the 14.24 acre parcel.

In May 2000, the Texas Natural Resource Conservation Commission conducted sampling activities at the Site and documented the following hazardous substances: cyclohexane, methlycyclohexane, toluene, ethylbenzene, xylenes (totals), fluoranthene, pyrene, benzo(a)anthracene, chrysene, benzo(b)fluoranthene, benzo(k)fluoranthene, benzo(a)pyrene, ideno(1,2,3-cd)pyrene, benzo(g,h,i)perylene, aluminum, arsenic, barium, cadmium, chromium, copper, lead, manganese, mercury, nickel, selenium, thallium, vanadium, and zinc. The findings of an Expanded Site Inspection, completed in November 2000, revealed releases from the Site of the following hazardous substances: fluoranthene, pyrene, benzo(a)anthracene, chrysene, benzo(b)fluoranthene, benzo(k)fluoranthene, benzo(a)pyrene, ideno(1,2,3-cd)pyrene, enzo(g,h,i)perylene, dibenz(a,h,)anthracene, barium, manganese, and mercury.

**ENCLOSURE 2**  
**FALCON REFINERY SUPERFUND SITE**  
**INFORMATION REQUEST**  
**INSTRUCTIONS AND DEFINITIONS**

**INSTRUCTIONS**

1. Please provide a separate narrative response for each and every Question and subpart of a Question set forth in this Information Request.
2. Precede each answer with the Question (or subpart) and the number of the Question (and the letter of a subpart of a Question, if applicable) to which it corresponds.
3. If information or documents not known or not available to you as of the date of submission of a response to this Information Request should later become known or available to you, ***you must supplement*** your response to the U.S. Environmental Protection Agency (EPA). Moreover, should you find, at any time, after submission of your response, that any portion of the submitted information is false or misrepresents the truth, or, though correct when made, is no longer true, you must notify the EPA of this fact as soon as possible and provide the EPA with a corrected response.
4. For each document produced in response to this Information Request, indicate on the document, or in some other reasonable manner, the number of the Question (and the letter of a subpart of a Question, if applicable) to which it responds.
5. You may assert a business confidentiality claim covering part or all of the information which you submit in response to this request. Any such claim must be made by placing on (or attaching to) the information, at the time it is submitted to the EPA, a cover sheet or a stamped or typed legend or other suitable form of notice employing language such as "trade secret," "proprietary," or "company confidential." Confidential portions of otherwise non-confidential documents should be clearly identified and may be submitted separately to facilitate identification and handling by the EPA. If you make such a claim, the information covered by that claim will be disclosed by the EPA only to the extent, and by means of the procedures, set forth in subpart B of 40 CFR Part 2. If no such claim accompanies the information when it is received by the EPA, it may be made available to the public by the EPA without further notice to you. The requirements of 40 CFR Part 2 regarding business confidentiality claims were published in the Federal Register on September 1, 1976, and were amended September 8, 1976, and December 18, 1985.
6. Personal Privacy Information. Personnel and medical files, and similar files the disclosure of which to the general public may constitute an invasion of privacy should be segregated from your responses, included on separate sheet(s), and marked as "Personal Privacy Information."
7. Objections to questions. If you have objections to some or all the questions within the Information Request Letter, you are still required to respond to each of the questions.

## **DEFINITIONS**

The following definitions shall apply to the following words as they appear in this enclosure:

1. The terms "and" and "or" shall be construed either disjunctively or conjunctively as necessary to bring within the scope of this Information Request any information which might otherwise be construed to be outside its scope.
2. The term "any", as in "any documents" for example, shall mean "any and all."
3. The term "arrangement" means every separate contract or other agreement between two or more persons.
4. The terms "document(s)" and "documentation" shall mean any object that records, stores, or presents information, and includes writings of any kind, formal or informal, whether or not wholly or partially in handwriting, including by way of illustration and not by way of limitation, any invoice, manifest, bill of lading, receipt, endorsement, check, bank draft, canceled check, deposit slip, withdrawal slip, order, correspondence, record book, minutes, memorandum of telephone and other conversations including meetings, agreements and the like, diary, calendar, desk pad, scrapbook, notebook, bulletin, circular, form, pamphlet, statement, journal, postcard, letter, telegram, telex, telecopy, telefax, report, notice, message, analysis, comparison, graph, chart, map, interoffice or intra office communications, photostat or other copy of any documents, microfilm or other film record, any photograph, sound recording on any type of device, any punch card, disc pack; any tape or other type of memory generally associated with computers and data processing (together with the programming instructions and other written material necessary to use such punch card, disc, or disc pack, tape or other type of memory and together with the printouts of such punch card, disc, or disc pack, tape or other type of memory); and (a) every copy of each document which is not an exact duplicate of a document which is produced, (b) every copy which has any writing, figure or notation, annotation or the like on it, (c) drafts, (d) attachments to or enclosures with any document and (e) every document referred to in any other document.
5. The term "identify" means, with respect to a natural person, to set forth the person's name, present or last known business and personal addresses, email address(es), and telephone numbers, and present or last known job title, position or business. Also provide e-mail addresses.
6. The term "identify" means, with respect to a corporation, partnership, business trust or other association or business entity (including, but not limited to, a sole proprietorship), to set forth its full name, address, and legal form (e.g. corporation [including state of incorporation], partnership, etc.), organization, if any, a brief description of its business, and to indicate whether or not it is still in existence and, if it is no longer in existence, to explain how its existence was terminated and to indicate the date on which it ceased to exist. Also provide e-mail addresses.
7. The term "identify" means, with respect to a document, to provide the type of document, to provide its customary business description, its date, its number, if any (invoice or purchase order number), subject matter, the identity of the author, addressor, addressee and/or recipient, and the present location of such document.

8. The term "person" shall have the same definition as in Subsection 101 (21) of CERCLA, 42 U.S.C. § 9601 (21).
9. The term "Site" shall mean and include the Falcon Refinery Superfund Site (Site). The Site is the location from which the now closed Falcon Refinery had operated. The Site is located southeast of the city limits of the City of Ingleside, in San Patricio County, Texas.
10. The terms "you" or "your" or "Respondent" shall mean the addressee of this Request, the addressee's officers, managers, employees, contractors, trustees, partners, successors and agents.
12. Words in the masculine shall be construed in the feminine, and vice versa, and words in the singular shall be construed in the plural, and vice versa, where appropriate in the context of a particular question or questions as necessary to bring within the scope of this Information Request any information which might otherwise be construed to be outside its scope.
13. All terms not defined herein shall have their ordinary meaning, unless such terms are defined in CERCLA, RCRA, 40 CFR Part 300 or 40 CFR Parts 260-280, in which case the statutory or regulatory definitions shall apply.

**ENCLOSURE 3**  
**FALCON REFINERY SUPERFUND SITE**  
**INFORMATION REQUEST**  
**QUESTIONS**

1. Please identify the person(s) that answer the below questions on behalf of the Lazarus Texas Refinery I, LLC (LTRI) and/or for any person and/or business entity listed in the following question Number 2. Please also include that person(s) contact information address, phone number, fax number, and e-mail address.
2. Please explain the organizational relationships, if any, and include supporting documentation that now exist between LTRI and the following person and business entities:
  - A. Jonathan Carroll
  - B. Blue Dolphin Energy Company, a Delaware corporation, recognized by the Texas Secretary of State.
  - C. Carroll & Company Financial Holdings LP, a Texas limited partnership, recognized by the Texas Secretary of State.
  - D. Lazarus Financial, LLC, a Texas limited liability company, recognized by the Texas Secretary of State.
  - E. Lazarus Energy Holdings LLC (LEH), a Delaware limited liability company, recognized by the Texas Secretary of State.
  - F. Lazarus Energy LLC, a Delaware limited liability company, recognized by the Texas Secretary of State.
  - G. Lazarus Texas Refinery II, LLC, a Delaware limited liability company, recognized by the Texas Secretary.
  - H. Apollo Management VI, L.P., a Delaware limited partnership, recognized by the New York Division of Corporations .
    - 1) What is the relationship of Apollo Management VI, L.P., to Lazarus Energy Holdings LLC, if any.
    - 2) Please provide supporting documentation.
  - I. AP Energy Investors, LLC.
    - 1) What is the relationship of AP Energy Investors, LLC to Lazarus Energy Holdings LLC, if any.
    - 2) Please provide supporting documentation.
3. Please explain , and include supporting documentation, the relationships, if any, that now exist between Jonathan Carroll and the following business entities:
  - A. Blue Dolphin Energy Company, a Delaware corporation, recognized by the Texas Secretary of State.



- B. Carroll & Company Financial Holdings LP, a Texas limited partnership, recognized by the Texas Secretary of State.
  - C. Lazarus Financial, LLC, a Texas limited liability company, recognized by the Texas Secretary of State.
  - D. Lazarus Energy Holdings LLC (LEH), a Delaware limited liability company, recognized by the Texas Secretary of State.
  - E. Lazarus Energy LLC, a Delaware limited liability company, recognized by the Texas Secretary of State.
  - F. LTRI, a Delaware limited liability company, recognized by the Texas Secretary of State.
  - G. Lazarus Texas Refinery II, LLC, a Delaware limited liability company, recognized by the Texas Secretary.
  - H. Apollo Management VI, L.P., a Delaware limited partnership, recognized by the New York Division of Corporations
4. Please indicate whether the person or entities listed in Number 2 above, if any, participated in the purchase of the Site. For any person or entities identified, please include supporting documentation.
5. Is LTRI the Site's current owner of record? If yes, please include a copy of the recorded instrument and any other supporting documentation
6. If LTRI is not the Site's current owner of record, or is not the sole owner of record, please identify the name(s) of any other person(s), entity, and/or entities that beginning February 29, 2012, and thereafter, became owner(s) of record for any part of the Falcon Refinery Superfund Site located Southeast of Ingleside in San Patricio County, Texas (Site). Please include a copy of the recorded instrument that documents the sale of any part of the Site from LTRI.
7. Please describe the financial responsibility, if any, that LTRI and/or each person and/or entity identified in question Number 2 has to support obligations and/or liabilities related to the Site. Please include any supporting documentation.
8. Narrative in Letter Agreement, February 23, 2012, (see Enclosure 4, Attachment 3, Letter Agreement) between NORCO, Mr. Jonathan Carroll, Director, LEH (buyer) and Mr. Jonathan Carroll, Director, LTRI (buyer) identifies that NORCO and Norcorom Industries, SRL (NORCO-SRL) agreed to sell the Site for a total of 3.5 million dollars and buyers agreed to pay 3.5 million dollars to NORCO and NORCO-SRL to purchase the Site. Considering this information, please respond to the following:
- A. Identify names and addresses of representatives from NORCO that buyers dealt with in this sale agreement.
  - B. Identify names and addresses of representatives from NORCO-SRL that buyers dealt with in this sale agreement.

- C. Identify all payment dates and dollar payments that buyers agreed to pay to NORCO for this purchase.
  - D. Identify all payment dates and dollar payments that buyers agreed to pay to NORCO-SRL for this purchase.
  - E. Provide copies of documents that confirm dates and dollar payments made by buyers to NORCO.
  - F. Provide copies of documents that confirm dates and dollar payments made by buyers to NORCO-SRL.
8. Are there any documented or undocumented agreements and/or understandings that imply, indicate or specify that LTRI and/ or any other person or business entity will pay NORCO, NORCO-SRL, and/or agents, representatives, shareholders, bondholders, or creditors of NORCO and/or NORCO-SRL any amount greater than 3.5 million dollars for the purchase of the Site? If your answer to this question is yes, please explain and provide supporting documentation.
9. Narrative in the Letter Agreement (see Enclosure 4, Attachment 3, Letter Agreement) indicates that NORCO had advised buyers, i.e., LTRI **and Lazarus Energy Holdings, LLC (LEH)**, of an existing Removal Action Administrative Order on Consent (AOC) for this Site and an existing RI/FS Remedial Action AOC for this Site and that the EPA and NORCO were parties to both AOCs. Letter Agreement also indicates that buyers, i.e., LTRI **and LEH**, had agreed to be jointly and severally responsible for NORCO's costs, expenses, and penalties relating to the two AOCs. The EPA sent a Demand Letter, dated September 19, 2012, to NORCO (See Enclosure 4, Attachment 4, Demand Letter) advising that NORCO had failed to replenish the Special Account #2, Falcon Refinery Superfund Site 06MC. The Demand Letter demanded NORCO immediately pay \$209,036.12 to the EPA in order to comply with NORCO's RI/FS AOC. The EPA has not received this reimbursement amount from NORCO.

Considering the obligations of LTRI **and LEH** to NORCO, as stipulated in the above referenced Letter Agreement, and NORCO's obligation to pay \$209,036.12 to the EPA, as stipulated in the above referenced Demand Letter, please answer the following questions:

- A. Has LTRI, **LEH** or any other person or business entity paid \$209,036.12 to NORCO? If your answer is yes, please provide supporting documentation. Also, if your answer is yes, please indicate your understanding, if any, whether LTRI and/or any other person or entity intended that the payment of \$209,036.12 to NORCO would be tendered by NORCO to EPA to satisfy this obligation of NORCO to EPA.
  - B. If LTRI, **LEH** or any other person or business entity has not paid to NORCO the amount of \$209,036.12 that NORCO owes to EPA, does LTRI and/or any other person or business entity intend to pay this amount directly to EPA? If yes, please identify the date that LTRI and/or any other person or business entity intends to transmit payment to EPA.
10. Narrative in the Letter Agreement (see Enclosure 4, Attachment 3, Letter Agreement) indicates that LTRI **and LEH were** aware that the Falcon Refinery Site, i.e., Site, had been designated by the EPA as a Superfund Site. Letter Agreement also identifies that, "[a]s part of the consideration for . . . the property, **LTRI and LEH** "have conducted their own independent investigation of the Site and had are satisfied that the Site is suitable for the purposes for which LEH and/or LTR[I] intends to use the

Property.” Considering this information, did LTRI, **or the owner(s) of record**, conduct “all appropriate inquiries” in an attempt to qualify for landowner liability protections provided by Comprehensive Environmental Response, Compensation, and Liability Act (see Enclosure 4, Attachments 4 and 5, EPA Memorandums)? If your answer to this question is yes, please respond to the following:

- A. Provide copies of all documents in your possession that identify “all appropriate inquiries” and/or efforts that you believe qualify you for landowner liability protection as a BFPP provided by CERCLA, including the “Phase I Environmental Site Assessment” or equivalent “due diligence” document(s) that was completed prior to the closing date for the Site.
- B. Please explain whether LTRI, or any person and/or any business entity listed above in question Number 2 is now, or ever was, affiliated with NORCO through any contractual, corporate or financial relationship, including bankruptcy or other corporate restructuring. Please include any supporting documentation. (Note: Such relationship does not involve an instrument by which title to the Site was conveyed or financed by contract for goods or services).
- C. Please explain whether LTRI or any person and/or any business entity listed above in question Number 2 has exercised appropriate care with respect to hazardous substances found at the Site by taking “reasonable care to prevent releases.”

**ENCLOSURE 4**  
**FALCON REFINERY SUPERFUND SITE**  
**INFORMATION REQUEST**  
**SUPPORTING DOCUMENTS (SITE INFORMATION)**

1. Aerial photo of the Site area overlaid with boundary lines for the four parcels of land that together comprise the Falcon Refinery Site.
- 2., EPA Memorandum dated January 21, 2011, Subject: Enforcement Discretion Guidance Regarding the Affiliation Language of CERCLA's Bona Fide Prospective Purchaser and Contiguous Property Owner Liability Protections.
  - a. Letter Agreement, dated February 23, 2012, between National Oil Recovery Corporation and Mr. Jonathan Carroll, Director, Lazarus Energy Holdings LLC and to Mr. Jonathan Carroll, Director, Lazarus Texas Refinery I, LLC.
  - b. Demand Letter, dated September 19, 2012, from the EPA to Richard F. Bergner, registered agent for NORCO.
  - c. EPA Memorandum, March 6, 2003, Interim Guidance Regarding Criteria Landowners Must Meet in Order to Qualify for Bona Fide Prospective Purchaser.
  - d. EPA Memorandum, dated September 21, 2011, Enforcement Discretion Guidance Regarding the Affiliation Language of CERCLA's Bona Fide Prospective Purchaser